

1890.  
NEW ZEALAND.

# OCEAN MAIL-SERVICES

(FURTHER PAPERS RELATIVE TO).

[In continuation of papers presented on the 5th September, 1889.]

*Presented to both Houses of the General Assembly by Command of His Excellency.*

## SAN FRANCISCO MAIL-SERVICE.

No. 1.

MR. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 30th April, 1889.

With reference to your letter dated the 3rd inst. [*vide* No. 73, F.—4, 1889], further relative to the amount claimed by the San Francisco mail-service contractors out of the subsidy contributed by the United States for the carriage of mails, and asking the opinion of this department as to the refusal of the contractor's claims, I have the honour to enclose a copy of the report furnished on the matter by the accountant of this office, and to state that I fully concur therein, and, further, that this department considers that neither of the claims of the contractors ought to be entertained.

With regard to the claim for a refund of reductions prior to November, 1888, I have to inform you that (as stated in my letter of the 21st February last), it has been understood by this department that of the £4,000 per annum contributed by the United States prior to November, 1888, £3,200 represented certain gratuities previously paid to the contractors for carrying American mail-matter, and they were therefore allowed to retain that proportion, leaving £800 to be divided equally between the two colonies and the contractors, in terms of the 10th clause of the contract; and, as now pointed out in the enclosed report of the accountant, the letter from the Washington Post Office, a copy of which has been forwarded by you, bears out this view, which has indeed been expressed in other letters from Washington. It is considered, therefore, that the claim for a refund of the proportion of the \$4,000 (£800) already deducted from the payments to the contractors should be refused.

With regard to the demand to be allowed to retain \$20,000 (£4,000) in lieu of \$16,000 (£3,200) per annum from the total subsidy of \$46,000 now paid by the United States—which demand, your letter states, the New Zealand Post Office was actuated to admit in view of the increase of correspondence from the United States to the colonies since 1885—I may state that this department thinks that the matter of increased correspondence can hardly have any application to the question, as clause 10 of the contract distinctly refers to the then present payments. Those payments are shown by several letters from Washington to have been equal to £3,200 a year only; and that sum, in addition to one-third of any excess thereof which the United States may give, is all that the contractors are entitled to. Since November, 1885, the previously existing system, under which the United States paid by weight or number of letters, has ceased, the United States Post Office paying a lump sum, supposed by this department (owing to the mutilation of a telegram) to be £4,000 in excess of the then present payments, but afterwards explained to be only £4,000 in all, and only £800 in excess of previous payments. It is assumed that the third share of the excess of the then present payments was intended to cover any increase in the correspondence; but, whether this were so or not, it seems to this department that contractors are only entitled to retain out of the United States subsidies the sum of £3,200 and one-third of the remainder; and this department is not disposed to consent to anything more.

For the foregoing reasons, therefore, it is thought that the payment now being made by the United States should be divisible between the Colonies of New South Wales and New Zealand and the contractors as follows: £3,200 to contractors, as representing amount payable under United States laws for conveyance of United States mails to New Zealand and Australia; £2,000 to each of the Colonies of New South Wales and New Zealand, and to the contractors, in terms of the 10th clause of the contract.

The Secretary, General Post Office, Wellington.

I have, &c.,

S. H. LAMBTON, Secretary.